

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
BARNESBURG WATER ASSOCIATION, INC.) CASE NO. 92-423

O R D E R

On October 2, 1992, Barnesburg Water Association, Inc. ("Barnesburg") filed its revised tariff sheets with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to the purchased water adjustment procedure. KRS 278.012 and 807 KAR 5:068.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Barnesburg purchases its water from the city of Somerset ("Somerset").
2. Somerset increased its rate for water sold to Barnesburg from \$1.55 to \$2.00 per 1,000 gallons effective October 1, 1992.
3. Barnesburg increased the rates to its customers effective October 1, 1992.
4. During the 12 months ending August 31, 1992, Barnesburg purchased 51,125,000 gallons of water from Somerset, and sold 39,957,930 gallons of water during the same 12-month period.
5. The purchased water adjustment and rates proposed by Barnesburg are incorrect in that it factored in unaccounted-for water loss in calculating the increase in the cost of water purchased from Somerset. According to 807 KAR 5:068, water

associations do not have to account for unaccounted water loss when computing purchased water adjustments.

6. The correct increase in the cost of purchased water is \$23,006.25, resulting in a purchased water adjustment of 58 cents per 1,000 gallons as shown in Appendix B. Based on an average monthly usage of 5,000 gallons, the average bill of Barnesburg's customers would increase \$2.03 from \$14.97 to \$17.00, or 13.56 percent.

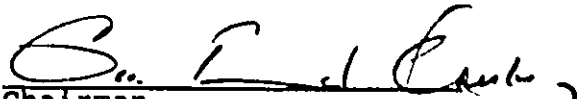
7. The purchased water adjustment of 58 cents per 1,000 gallons and the rates in Appendix A are fair, just, and reasonable, and should be approved.

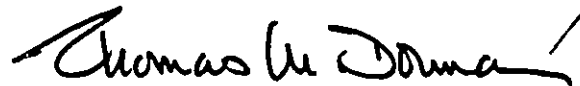
IT IS THEREFORE ORDERED that:


1. The rates proposed by Barnesburg are denied.
2. The purchased water adjustment of 58 cents per 1,000 gallons of water in Appendix B and the rates in Appendix A, attached hereto and incorporated herein, are approved for services rendered on and after October 1, 1992.
3. Within 30 days of the date of this Order, Barnesburg shall file revised tariff sheets setting out the rates approved herein.
4. Within 30 days of the date of this Order, Barnesburg shall file a copy of the notice to its customers and verification that such notice has been given.

Done at Frankfort, Kentucky, this 27th day of October, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 92-423 DATED October 27, 1992.

The following rates and charges are prescribed for the customers in the area served by Barnesburg Water Association, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Monthly Rates

First 1,500 gallons	\$9.44 Minimum Bill
Next 1,500 gallons	3.92 per 1,000 gallons
Next 2,000 gallons	3.64 per 1,000 gallons
Over 5,000 gallons	3.37 per 1,000 gallons

Minimum Monthly Rates by Meter

5/8 x 3/4 Inch Meter	\$ 9.44
1 Inch Meter	22.60
2 Inch Meter	39.25

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 92-423 DATED October 27, 1992.

Calculation of Purchased Water Adjustment

Gallons Purchased: Meter No. 1	47,219,000
Meter No. 2	3,906,000
Total Gallons Purchased	<u>51,125,000</u>

Gallons Sold: 39,957,930

Cost at New rate:

Somerset 51,125.000 m. gals. x 2.00 = \$ 102,250.00

Less

Cost at Base Rate:

Somerset 51,125.000 m. gals. x 1.55 = \$ 79,243.75

Increase \$ 23,006.25

\$23,006.26 + 39,957.930 m. gals. sold = \$0.5757 or 58 cents per
1,000 gallons